EVOLUTION Petroleum Corporation

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Evolution Petroleum Reports Results for Third Quarter Fiscal 2009

- **Revenues Increased 56% Over Prior Year's Quarter**
- **Sales Volumes Increased 346% Over Prior Year's Quarter**

Houston, TX, May 14, 2009 - Evolution Petroleum Corporation (NYSE Amex : EPM) today reported financial and operating results for the three month period ended March 31, 2009, the Company's third quarter of fiscal 2009 ("Q3-09").

Oil and gas revenues for Q3-09 increased 56% to $1.2 million, from $0.7 million for the three months ended March 31, 2008 ("Q3-08"). The increase in quarterly revenues was due to a 346% increase in sales volumes, partially offset by a 65% decline in blended oil and gas prices from $77.82 per barrel of oil equivalent ("BOE") to $27.27 per BOE. The substantial increase in production and sales volumes for Q3-09 was the result of drilling operations in the Giddings Field in central Texas, which generated virtually 100% of Q3-09 revenues, compared to a contribution of 47% of the revenues in Q3-08. The properties that comprised the remaining 53% of Q3-08 revenues were divested in March 2008. Sequentially, revenues for Q3-09 were 13% higher than Q2-09 due to a 65% increase in sales volumes, partially offset by a 31% decrease in blended oil and gas prices received.

Net loss in Q3-09 was $1.0 million, or $(0.04) per share, compared to a net loss of $536,000, or $(0.02) per share during Q3-08. Results for both periods included approximately $0.5 million in non-cash stock-based compensation expense and approximately $0.76 million and $0.14 million in non-cash depreciation, depletion and amortization for Q3-09 and Q3-08, respectively.

Robert Herlin, President and Chief Executive Officer, commented, "Since our focus is on growing underlying value per share, we substantially cut back our capital expenditures previously aimed at converting proved undeveloped reserves into producing wells in the Giddings Field. It made no sense for us to use our valuable liquidity to generate and sell production at what we believe are cyclically low product prices. In the current commodity environment, we are making our capital expenditure decisions based on achieving attractive full-cycle economics, even if at the expense of short term earnings."

For Q3-09, Adjusted EBITDA (a non-GAAP measure including net interest income, but excluding non-cash items as reconciled below) was a nominal loss of $171,000 and flat compared to a loss of $176,000 in Q3-08.

Working capital was virtually unchanged at $7.5 million on March 31, 2009, as compared to $7.6 million at December 31, 2008. Working capital at the end of Q3-09 included $6.6 million of cash, cash equivalents and short-term certificates of deposit, in addition to $1.5 million of income taxes recoverable from the carry-back of estimated 2009 income tax losses. The company continued to be debt free.

The company incurred capital expenditures of $8.3 million for the acquisition and development of its oil and gas properties during the nine months ended March 31, 2009. In keeping with its revised 2009 capital budget of less than $10 million, planned capital expenditures for oil and gas properties for the remainder of fiscal 2009 are expected to total about $0.4 million, primarily for initial development drilling in Oklahoma. Planned capital expenditures during the balance of calendar 2009 are expected to include further development drilling in Oklahoma and initial development drilling in the Neptune project in South Texas.

Revenues for the first nine months of 2009 increased 169% over 2008 to $5.1 million on a 319% increase in sales volumes, offset by a 36% decrease in blended oil and gas prices received. For the first nine months of fiscal 2009, Adjusted EBITDA was a positive $1.1 million compared to a negative $1.1 million for the same period in 2008.

Mr. Herlin further commented, “Despite the steep decline in oil and gas prices, our revenue still grew through the drill bit. In our third quarter, we completed two horizontal re-entry wells in the Giddings Field that began producing late in January 2009, yielding initial production at a combined eight day average gross rate of about 900 BOE per day. Total production in March averaged 482 gross (386 net) BOEPD, despite two key wells being off production for one-third of the month. The Pearson was affected by the gas purchaser’s compressor repair and our Fox well required a workover to repair a gas lift valve. Due to low natural gas prices, we believe it is in the best interests of our shareholders to continue postponing our Giddings drilling program until product prices improve further.”

The company initiated operations in Oklahoma during the current quarter for the drilling or re-entry of up to three low cost vertical wells. In the fourth fiscal quarter, we initiated the process of field testing our Neptune moderately-heavy oil project in South Texas and expect to drill up to three shallow infill wells there later in calendar 2009. The company has also begun preparation for a field test of its proprietary artificial lift technology for horizontal wells.

“We anticipate that our development work in both Oklahoma and South Texas will position us to add proved reserves and increase the underlying value of the company on a per share basis, while maintaining our solid balance sheet during the balance of 2009 and fiscal 2010. We have the flexibility to pursue these low-cost projects as we look forward to generating expected cash flow from the Delhi Field in 2010,” continued Mr. Herlin.

Operations at the Delhi Field’s CO_2-EOR project have intensified. Denbury Resources has announced that the 78 mile Delta CO_2 pipeline to Delhi has been completed and tested, with CO_2 injection expected to begin this summer. Since Evolution believes that first production response is likely to occur about six months following first injection, it's reasonable to expect an oil production response in early calendar 2010. The company's 7.4% royalty interest should generate net cash flows with first production, since it bears no capital expenditures in the project and no operating costs associated with the royalty interest. These cash flows should grow steadily as Denbury expands the project through its phases, followed by a step increase when the company's 25% back-in working interest reverts.

Production Volumes and Prices:

Net production volumes for Q3-09 were 24,044 barrels of oil ("BO") and natural gas liquids ("NGL") and 112.2 MMcf of natural gas for a total of 42,740 BOE. This is an increase of 319% over production volumes of 8,146 BO and NGL and 12.3 MMcf of natural gas, or 10,194 BOE in Q3-08. The average price of oil fell 58% to $39.47 per barrel in Q3-09 from $93.74 per barrel in Q3-08, while the average price of NGLs fell 59% in Q3-09 to $23.25 per barrel from $56.29 per barrel in Q3-08. The average price of natural gas fell 49% to $4.12 per Mcf in Q3-09 versus $8.12 per Mcf in Q3-08. On a BOE basis, the blended effective price declined 65% to $27.27 in Q3-09 from $77.82 in Q3-08, due in part to Q3-09 sales including a higher portion of natural gas.

Costs and Expenses

Lease operating expenses, including production severance taxes, per BOE for Q3-09 declined 79% over Q3-08 to $6.88 due to much lower unit lifting costs and higher production volumes in the Giddings Field as compared to the divested Tullos Field.

Depreciation, Depletion & Amortization Expense ("DD&A") increased to $760,000 or $17.57 per BOE for Q3-09, from $139,000 or $13.55 per BOE in Q3-08. The increase was primarily due to a higher depletion rate per BOE on much higher sales volumes in the current period. The increased depletion rate is a result of the higher development cost of PUDs in the Giddings Field that were added in replacement of lower cost proved developed producing reserves ("PDPs") from properties in the Tullos Field Area, which were divested in March 2008.

General and administrative ("G&A") expenses increased 26% to $1.6 million for Q3-09, as compared to $1.3 million for Q3-08. A large portion of the increase in G&A is due to the completion of the Giddings drilling program in early February 2009, wherein a portion of staff salary costs associated with the drilling program had been capitalized. Non-cash stock based compensation expense was $537,000 (34% of total G&A) and $494,000 (39% of total G&A) for Q3-09 and Q3-08, respectively.

Other Income and Expense

Q3-09 interest income decreased to $8,000, as compared to interest income of $165,000 for Q3-08. The decrease was due to lower available cash balances averaging $8.3 million during Q3-09 compared to $20.7 million in Q3-08, combined with a lower interest rate environment during Q3-09. The lower cash balance is mostly the result of cash used for development drilling of proved reserves and leasehold acquisition expenditures.

Conference Call

Evolution Petroleum will host a conference call to discuss its fiscal third quarter 2009 results on Thursday, May 14, 2009, at 11:00 a.m. Eastern Time (10:00 a.m. Central). To access the call, please dial 480-629-9039 and ask for the Evolution Petroleum call at least 10 minutes prior to the start time. The conference call will also be broadcast live via the Internet and can be accessed through the investor relations section of Evolution's corporate website, www.evolutionpetroleum.com, where it will also be archived for replay. A telephonic replay of the conference call will be available until May 21, 2009 and may be accessed by calling 303-590-3030 and using the pass code 4074414#. For more information, please contact Donna Washburn at DRG&E at (713) 529-6000 or email at dmw@drg-e.com.

About Evolution Petroleum

Evolution Petroleum Corporation (**http://www.evolutionpetroleum.com**) acquires known, onshore oil and gas resources and applies conventional and specialized technology to accelerate production and develop incremental reserves and value. With no debt and a strong balance sheet, the Company is well positioned to carry out its initiatives in Enhanced Oil Recovery, Bypassed Resources and Unconventional Gas Development.

Principal assets as of July 1, 2008 include 4 MMBOE of proved and 3.1 MMBOE of probable reserves in the Giddings Field of central Texas, approximately 13 MMBO of probable reserves associated with the 13,636 acre Delhi Field Holt Bryant Unit currently being redeveloped with CO_2-EOR technology in northeast Louisiana, and leases covering approximately 17,600 net acres in two Woodford gas shale projects in Oklahoma. The Company is also actively engaged in developing new projects within its initiatives.

Additional information, including the Company's annual report on Form 10-KSB and its quarterly reports on Form 10-Q, can be accessed on its website.

Cautionary Statement

All statements contained in this press release regarding potential results and future plans and objectives of the Company are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update or review any forward-looking statement, whether as a result of new information, future events, or otherwise. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, those factors that are disclosed under the heading "Risk Factors" and elsewhere in our documents filed from time to time with the United States Securities and Exchange Commission and other regulatory authorities. Statements regarding our ability to complete transactions, successfully apply technology applications in the re-development of oil and gas fields, realize future production volumes, realize success in our drilling and development activity, prices, future revenues and income and cash flows and other statements that are not historical facts contain predictions, estimates and other forward- looking statements. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved and these statements will prove to be accurate. Important factors could cause actual results to differ materially from those included in the forward-looking statements.

Reconciliation of net loss to Adjusted EBITDA, a non-GAAP measure, for the three months ended March 31, 2009 and 2008 is as follows:

	2009	2008
Net loss	$ (1,036,617)	$ (535,985)
Add back:		
Income tax benefit	(444,184)	(279,975)
Depreciation, depletion and amortization	759,836	139,086
Stock-based compensation	537,285	493,872
Accretion on asset retirement obligations	12,591	7,110
Adjusted EBITDA	$ (171,089)	$ (175,892)

Reconciliation of net loss to Adjusted EBITDA, a non-GAAP measure, for the nine months ended March 31, 2009 and 2008 is as follows:

	2009	2008
Net loss	$ (1,891,951)	$ (1,948,223)
Add back:		
Income tax benefit	(596,237)	(848,961)
Depreciation, depletion and amortization	1,909,009	372,645
Stock-based compensation	1,645,535	1,311,443
Accretion on asset retirement obligations	24,452	16,656
Adjusted EBITDA	$ 1,090,808	$ (1,096,440)

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Evolution Petroleum Corporation and Subsidiaries
Consolidated Statements of Operations
(unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2009	**2008**	**2009**	**2008**
Revenues				
Crude oil	$ 351,684	$ 554,498	$ 2,337,948	$ 1,664,648
Natural gas liquids	350,891	90,405	1,341,629	111,699
Natural gas	461,889	99,799	1,431,655	123,277
Total revenues	1,164,464	744,702	5,111,232	1,899,624
Operating Costs				
Lease operating expense	255,710	300,186	905,020	971,688
Production taxes	29,750	12,867	137,522	46,231
Depreciation, depletion and amortization	759,836	139,086	1,909,009	372,645
Accretion of asset retirement obligations	12,591	7,110	24,452	16,656
General and administrative *	1,595,402	1,266,427	4,722,869	4,062,423
Total operating costs	2,653,289	1,725,676	7,698,872	5,469,643
Loss from operations	(1,488,825)	(980,974)	(2,587,640)	(3,570,019)
Other income				
Interest income	8,024	165,014	99,452	772,835
Net loss before income tax benefit	(1,480,801)	(815,960)	(2,488,188)	(2,797,184)
Income tax benefit	(444,184)	(279,975)	(596,237)	(848,961)
Net loss	$ (1,036,617)	$ (535,985)	$ (1,891,951)	$ (1,948,223)
Loss per common share				
Basic and Diluted	$ (0.04)	$ (0.02)	$ (0.07)	$ (0.07)
Weighted average number of common shares				
Basic and Diluted	26,219,034	26,784,473	26,495,176	26,779,339

*General and administrative expenses for the three month period ended March 31, 2009 and 2008 included non-cash stock-based compensation expense of $537,285 and $493,872, respectively. General and administrative expenses for the nine month period ended March 31, 2009 and 2008 included non cash stock-based compensation expense of $1,645,535 and $1,311,443, respectively.

Evolution Petroleum Corporation and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	March 31, 2009	June 30, 2008
Assets		
Current assets		
Cash and cash equivalents	$ 4,900,219	$ 11,272,280
Certificates of deposit	1,740,944	-
Receivables		
Oil and natural gas sales	487,953	2,066,300
Income tax	6,689	478,599
Other	164,243	86,966
Income taxes recoverable	1,545,922	3,625,987
Prepaid expenses and other current assets	123,231	270,938
Total current assets	8,969,201	17,801,070
Property and equipment, net of depreciation, depletion, and amortization		
Oil and natural gas properties – full cost method of accounting, of which $9,845,303 at March 31, 2009 and $8,754,429 at June 30, 2008 were excluded from amortization)	28,495,507	22,047,233
Other property and equipment	159,681	161,027
Total property and equipment	28,655,188	22,208,260
Other assets, net	356,399	356,518
Total assets	$ 37,980,788	$ 40,365,848
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 629,132	$ 2,892,459
Accrued expenses	628,389	805,262
Royalties payable	208,223	473,327
Total current liabilities	1,465,744	4,171,048
Long term liabilities		
Deferred income taxes	3,791,348	2,901,929
Asset retirement obligations	602,894	215,056
Deferred rent	76,914	74,081
Total liabilities	5,936,900	7,362,114
Commitments and contingencies (Note 11)		
Stockholders' equity		
Common Stock; par value $0.001; 100,000,000 shares authorized; issued 27,047,347 shares; outstanding 26,259,147 and 26,870,439 as of March 31, 2009 and June 30, 2008, respectively.	27,047	26,870
Additional paid-in capital	16,002,791	14,188,841
Retained earnings	16,896,072	18,788,023
	32,925,910	33,003,734
Treasury stock, at cost, 788,200 shares as of March 31, 2009.	(882,022)	-
Total stockholders' equity	32,043,888	33,003,734
Total liabilities and stockholders' equity	$ 37,980,788	$ 40,365,848

Evolution Petroleum Corporation and Subsidiaries
Consolidated Statements of Cash Flow
(Unaudited)

	Nine Months Ended March 31, 2009	Nine Months Ended March 31, 2008
Cash flows from operating activities		
Net loss	$ (1,891,951)	$ (1,948,223)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation, depletion and amortization	1,909,009	372,645
Stock-based compensation	1,645,535	1,311,443
Accretion of asset retirement obligations	24,452	16,656
Settlement of asset retirement obligations	(90,761)	-
Deferred income taxes	889,419	-
Deferred rent	2,833	25,847
Changes in operating assets and liabilities:		
Receivables from oil and natural gas sales	1,578,347	(190,261)
Receivables from income taxes and other	2,474,698	(915,825)
Prepaid expenses and other current assets	147,707	286,961
Accounts payable and accrued expenses	(256,805)	(146,399)
Royalties payable	(265,104)	(259)
Net cash provided by (used in) operating activities	6,167,379	(1,187,415)
Cash flows from investing activities		
Net proceeds from the sale of the Tullos Assets	-	4,420,868
Proceeds from other asset sales	-	31,582
Development of oil and natural gas properties	(7,411,549)	(4,109,932)
Acquisitions of oil and natural gas properties	(2,477,133)	(6,946,157)
Capital expenditures for other equipment	(28,041)	(79,305)
Purchases of certificates of deposit	(1,740,944)	-
Other assets	119	(1,375)
Net cash used in investing activities	(11,657,548)	(6,684,319)
Cash flows from financing activities		
Proceeds from issuance of restricted stock	130	76
Purchase of treasury stock	(882,022)	-
Net cash provided by (used in) financing activities	(881,892)	76
Net decrease in cash and cash equivalents	(6,372,061)	(7,871,658)
Cash and cash equivalents, beginning of period	11,272,280	27,746,942
Cash and cash equivalents, end of period	$ 4,900,219	$ 19,875,284

Evolution Petroleum Corporation and Subsidiaries
Condensed Operating Data
(Unaudited)

	Three Months Ended March 31			
	2009	2008	Variance	% change
Production Volumes, net to the Company:				
Crude oil (Bbl)	8,953	6,540	2,413	37%
Natural gas liquids (“NGLs”) (Bbl)	15,091	1,606	13,485	840%
Natural gas (Mcf)	112,176	12,287	99,889	813%
Crude oil, NGLs and natural gas (BOE)	42,740	10,194	32,546	319%
Sales Volumes, net to the Company:				
Crude oil (Bbl)	8,911	5,915	2,996	51%
NGLs (Bbl)	15,091	1,606	13,485	840%
Natural gas (Mcf)	112,176	12,287	99,889	813%
Crude oil, NGLs and natural gas (BOE)	42,698	9,569	33,129	346%
Revenue data:				
Crude oil	$ 351,684	$ 554,498	$ (202,814)	(37)%
NGLs	350,891	90,405	260,486	288%
Natural gas	461,889	99,799	362,090	363%
Total revenues	$ 1,164,464	$ 744,702	$ 419,762	56%
Average price:				
Crude oil (per Bbl)	$ 39.47	$ 93.74	$ (54.27)	(58)%
NGLs (per Bbl)	23.25	56.29	(33.04)	(59)%
Natural gas (per Mcf)	4.12	8.12	(4.00)	(49)%
Crude oil, NGLs and natural gas (per BOE)	$ 27.27	$ 77.82	$ (50.55)	(65)%
Expenses (per BOE)				
Lease operating expenses and production taxes	$ 6.88	$ 32.72	$ (25.84)	(79)%
Depletion expense on oil and natural gas properties (a)	$ 17.57	$ 13.55	$ 4.02	30%

(a) Excludes depreciation of furniture and fixtures of $9,769 and $9,465, for the three months ended March 31, 2009 and 2008, respectively.

	Nine Months Ended March 31			
	2009	2008	Variance	% change
Production Volumes, net to the Company:				
Crude oil and natural gas liquids (Bbl)	29,008	20,382	8,626	42%
Natural gas liquids ("NGLs") (Bbl)	33,836	1,993	31,843	1,598%
Natural gas (Mcf)	240,251	15,904	224,347	1,411%
Crude oil, NGLs and natural gas (BOE)	102,886	25,026	77,860	311%
Sales Volumes, net to the Company:				
Crude oil (Bbl)	28,844	19,875	8,969	45%
NGLs (Bbl)	33,836	1,993	31,843	1,598%
Natural gas (Mcf)	240,251	15,904	224,347	1,411%
Crude oil, NGLs and natural gas (BOE)	102,722	24,519	78,203	319%
Revenue data:				
Crude oil	$ 2,337,948	$ 1,664,648	$ 673,300	40%
NGLs	1,341,629	111,699	1,229,930	1101%
Natural gas	1,431,655	123,277	1,308,378	1061%
Total revenues	$ 5,111,232	$ 1,899,624	$ 3,211,608	169%
Average price:				
Crude oil (per Bbl)	$ 81.05	$ 83.76	$ (2.71)	(3)%
NGLs (per Bbl)	39.65	56.05	(16.40)	(29)%
Natural gas (per Mcf)	5.96	7.75	(1.79)	(23)%
Crude oil, NGLs and natural gas (per BOE)	$ 49.76	$ 77.48	$ (27.72)	(36)%
Expenses (per BOE)				
Lease operating expenses and production taxes (a)	$ 10.08	$ 40.07	$ (29.99)	(75)%
Depletion expense on oil and natural gas properties (b)	$ 18.30	$ 13.34	$ 4.96	37%

(b) Excludes non-recurring expenses related to the oil spill in the Tullos Field Area of $7,418 and $35,417, for the nine months ended March 31, 2009 and 2008, respectively.

(c) Excludes depreciation of furniture and fixtures of $29,387 and $45,586, for the nine months ended March 31, 2009 and 2008, respectively.

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